

FISCAL NOTE

Bill #: SB0009

Title: Allow agricultural production of St. Johnswort

Primary Sponsor: Chris Christiaens

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
State Special Revenue	\$10,750	\$10,300
Revenue:		
State Special Revenue	\$10,750	\$10,300
Net Impact on General Fund Balance:	-0-	-0-

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
X		Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:
 1. The Department of Agriculture would review applications for compliance. If an application were complete, it would require four to eight hours of review involving a weed specialist, bureau chief and administrative assistant. If an application had issues that required a site visit from department employees, review could take 30 to 40 hours. The cost of an application would likely be a minimum of \$250 up to a maximum of \$1,000. Fees would be commensurate with costs of administering the program and start-up costs could be high if grower participation is low.

2. Based on conversations with potential growers, about 20 growers with fields varying from 5-40 acres are projected. Currently, the market price for St. Johnswort is low; if it increases, the program could expand to several hundred growers with several thousand acres.
3. Bonds will be based on the number of acres grown and the costs for either the county weed district or a commercial applicator to eradicate (destroy) the crop should it be abandoned. Eradication would require several growing seasons to accomplish at \$125/acre for chemical costs and tillage for three years, and \$60/acre for chemicals for spot treatment for an additional two years. Therefore, the bond required would vary from \$5,000 to \$20,000.
4. The department would use bond proceeds to pay the county or a commercial applicator to destroy the abandoned crops. Since the county or commercial applicator would be paid with the bond proceeds, there would not be any additional costs to the department.
5. The department will contract with the county weed district or a contractor for monitoring and inspections. Based on \$20/hour plus per diem and mileage and three visits per field per growing season, at an average cost of \$100/visit, the cost would be \$6,000 per year. (\$100 x 3 visits x 20 fields = \$6,000)
6. Operating expenses include one-time rules adoption at \$500 in FY 2002; printing costs at \$250 in FY 2002 and \$300 in FY 2003; communications at \$400 each year; and supplies at \$600 each year.
7. The department anticipates two hearings per year at an estimated cost of \$1,500 per hearing (contested case hearing including hearing examiner fee and subsequent write up of recommendations).

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$10,750	\$10,300
<u>Funding:</u>		
State Special Revenue (02)	\$10,750	\$10,300
<u>Revenues:</u>		
State Special Revenue (02)	\$10,750	\$10,300
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	-0-	-0-

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None

TECHNICAL NOTES:

1. The counties enforce noxious weeds statutes. The rule making authority in this bill should clearly indicate that the department is responsible for enforcement in agricultural productions and provide a penalty matrix, comparable to other agricultural enforcement provisions, if that is the sponsor's intent. Or, the county responsibilities should be stated.
2. The department would request an amendment to Section 4 providing authority to invest fees collected and authority to use the income from the investments for the purposes of the program.
3. The department would likely need statutory authority to spend bond funds when necessary under Section 2 (5).

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)
No
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?
A state special revenue account will allow for tracking of application fees collected and ensure these fees are spent only on activities identified in SB 9. If the application fees were placed in the general fund, the program could not keep the investment income earned on the fees.
- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes No (if no, explain)
- d) Does the need for this state special revenue provision still exist? Yes No (Explain)
The sponsor identifies in Section 4 the need to establish a special revenue account.
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)
No. The fees generated could only be spent on the activities identified in SB 9 and could easily be tracked.
- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)
Yes. A segment of the agricultural industry (alternative crops advocates) has requested this service from government.
- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)
The dedicated revenue provision results in accounting efficiencies and internal control over the collected fees and expenditures because it will be separately identifiable. The agricultural industry and auditors will want to be able to identify how the funds were spent which requires the use of a special revenue account.